

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

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No.: 04-108

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**THE MONROE COUNTY MUTUAL
FIRE INSURANCE COMPANY**

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)

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVE

Pursuant to Tenn. Code Ann. §§ 56-22-101, *et seq.* and 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of The Monroe County Mutual Fire Insurance Company (hereinafter also referred to as the "Company"), a county mutual fire insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2003, the examiner-in-charge filed with the Division on the 23rd day of August, 2004, a verified, written report on examination, and a copy of that report has been sent to The Monroe County Mutual Fire Insurance Company. (The Report on Examination of The Monroe County Mutual Fire Insurance Company is attached hereto and marked as Exhibit A). The Division received no written rebuttal to said examination report from the Company.

Pursuant to Tenn. Code Ann. § 56-22-132, said examination report regarding the affairs of The Monroe County Mutual Fire Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 23rd day of August, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVE** to the Company:

RECEIVED

OCT 27 2004

Dept. Of Commerce & Insurance
Company Examinations

The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 by holding the deposit of securities it may own in a clearing corporation, in Euroclear or in a federal reserve bank under book-entry system. Furthermore, the Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs., ch. 0780-1-46-.04 (1999), by maintaining a custodial agreement that complies with said rule, should the Company choose an authorized method of holding its securities that requires such an agreement.

The adoption of this examination report shall not preclude the Department from imposing sanctions against The Monroe County Mutual Fire Insurance Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

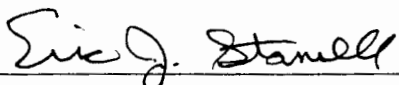
It is so **ORDERED**.

ENTERED this the 25th day of October, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:



Eric J. Stansell (BPR# 021707)

Staff Attorney

Tennessee Department of Commerce and Insurance

500 James Robertson Parkway

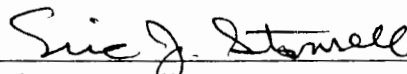
Davy Crockett Tower, Fifth Floor

Nashville, Tennessee 37243

(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to The Monroe County Mutual Fire Insurance Company, 442 Main Street, Madisonville, Tennessee 37354, on this the 26th day of October, 2004.



Eric J. Stansell

Certifying Attorney